



Your Partner in Buying a Home and/or Repairing Your Home

USDA Rural Development

What Services Does Rural Development Provide in Virginia?

SELLING MORE RURAL DEVELOPMENT FINANCED HOMES

Rural Business Provides



B&I Loan for Virginia Diner



RBS Grant For South Hill Farmers Market

Alternative Energy for BARC Electric Coop



SELLING MORE RURAL DEVELOPMENT FINANCED HOMES

Community Facilities Provides

CF Direct Loan for Ridgeview High School



College of Health Sciences Building – Mary Baldwin



CF Loans for Grottoes Volunteer Fire Department

SELLING MORE RURAL DEVELOPMENT FINANCED HOMES

Rural Utilities Provides



SELLING MORE RURAL DEVELOPMENT FINANCED HOMES



Guaranteed Rural Housing Loan –Washington Square in Berryville, VA



Rural Housing Provides

New counter tops



Roof repairs



New windows



Siding



Home Rehabilitation



504 Home Repair Program:

This program provides loans to very low income homeowners to repair, improve, or modernize their homes or provide grants to elderly very low income homeowners to remove health and safety hazards or make it more accessible to a household member with a disability.

504 Repair Loans and Grants

To Qualify:

Be a homeowner and occupy the home

Be unable to obtain affordable credit elsewhere

Have a household income below 50% of the area median income

(Income will be adjusted using deductions)

GRANT:

Be 62 or older and not able to repay a repair loan

HOME REPAIR

- Loans and Grants Program

Can be combined to total
Up to \$50,00.00 of
assistance



Before



After

PROPERTY REQUIREMENTS

- Home must be modest for the area- value cannot exceed area loan limit
- Manufactured homes must be on a permanent foundation or will be with 504 funds.
- Repair(s) must remove all health and safety concerns
- Need at least one bid for the requested repair(s)



Terms of Loan : up to \$40,000.00

Loans terms are 20 years
Fixed interest rate of 1%

Full Title Service is required for loans
exceeding \$25,000.00

Deed of Trust if loan exceeds \$7,500

What are the Grant Requirements?

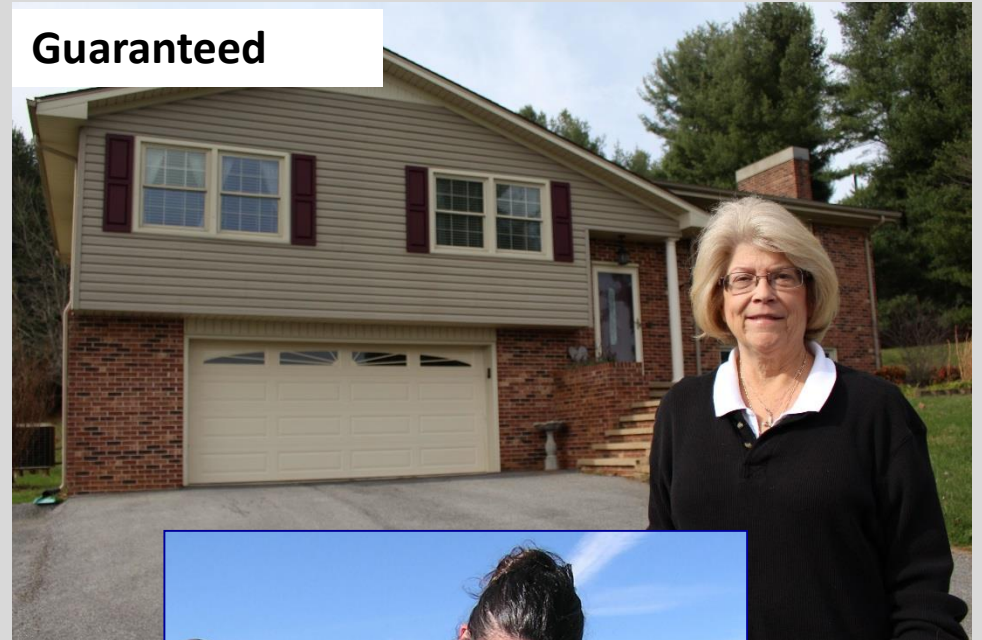
- **Income:** cannot exceed very low income guidelines; visit [website](#) for details.
- At least one applicant must be 62 or older
- **Credit History is not considered**
- **Property must not exceed our area loan limit and be located in an eligible area**
- **Income is below 30% AMI or Total Debt Ratio exceeds 46%**



Rural Housing Provides



Direct



Guaranteed



Self-Help

WHY?

USDA Rural Development's 502 Direct Loan Program provides a path to homeownership for low and very-low income individuals and families living in rural areas, and families who truly have no other way to make affordable homeownership a reality

Providing these affordable opportunities promotes prosperity, which in turn creates thriving communities and improves the quality of life in rural areas.



This program assists low and very Low-income applicants obtain decent, safe, and sanitary housing in eligible rural areas by providing payment assistance to increase an applicant's repayment ability.

Payment assistance is a type of subsidy that reduces the mortgage payments for a period of time, as long as the borrower remains eligible.

The amount of payment assistance is determined by the adjusted household income. Interest rate ranges from 1% - 2.5%

SELLING MORE RURAL DEVELOPMENT FINANCED HOMES

Office Locations

State Office - Richmond

1606 Santa Rosa Road, Suite 238
Richmond, VA 23229
804-828-6012
Phone: 804-287-1616

Area 1 Office (Wytheville)

100 USDA Drive
Wytheville, VA 24381
804-8366
Phone: 276-484-9384

Area 2 Office (Lynchburg)

20311-A Timberlake Road
Lynchburg, VA 24502
804-0337
Phone: 804-382-4527

Area 3 Office (Harrisonburg)

1934 Deyerle Avenue, SD
Harrisonburg, VA 22801
Phone: 540-534-3061

Area 4 Office (Courtland)

22329 Main Street
Southampton Office Bldg. 2
Courtland, VA 23737
804-1026
Phone: 804-382-2879

SELLING MORE RURAL DEVELOPMENT FINANCED HOMES

502 Direct Loan Program



Purpose

- To help low-income/ Very Low Income individuals or households purchase, repair or build homes in rural areas
- Loan funds come directly from Rural Development to buy, build and repair homes
- We can finance existing homes, modular homes, stick-built new construction, or new manufactured homes, plus existing under our pilot

SELLING MORE RURAL DEVELOPMENT FINANCED HOMES

How to Apply

- Contact the Local Office that covers your area of interest
- Complete pre-application form to begin the process

or

- Contact one of our approved Loan Packagers

Loan Process

- Pre-Application
- Application – 15 days
- Certificate of Eligibility – 45 days, 2 -30 day extensions
- Complete Homeownership Education
- Find a house
- Close

Terms

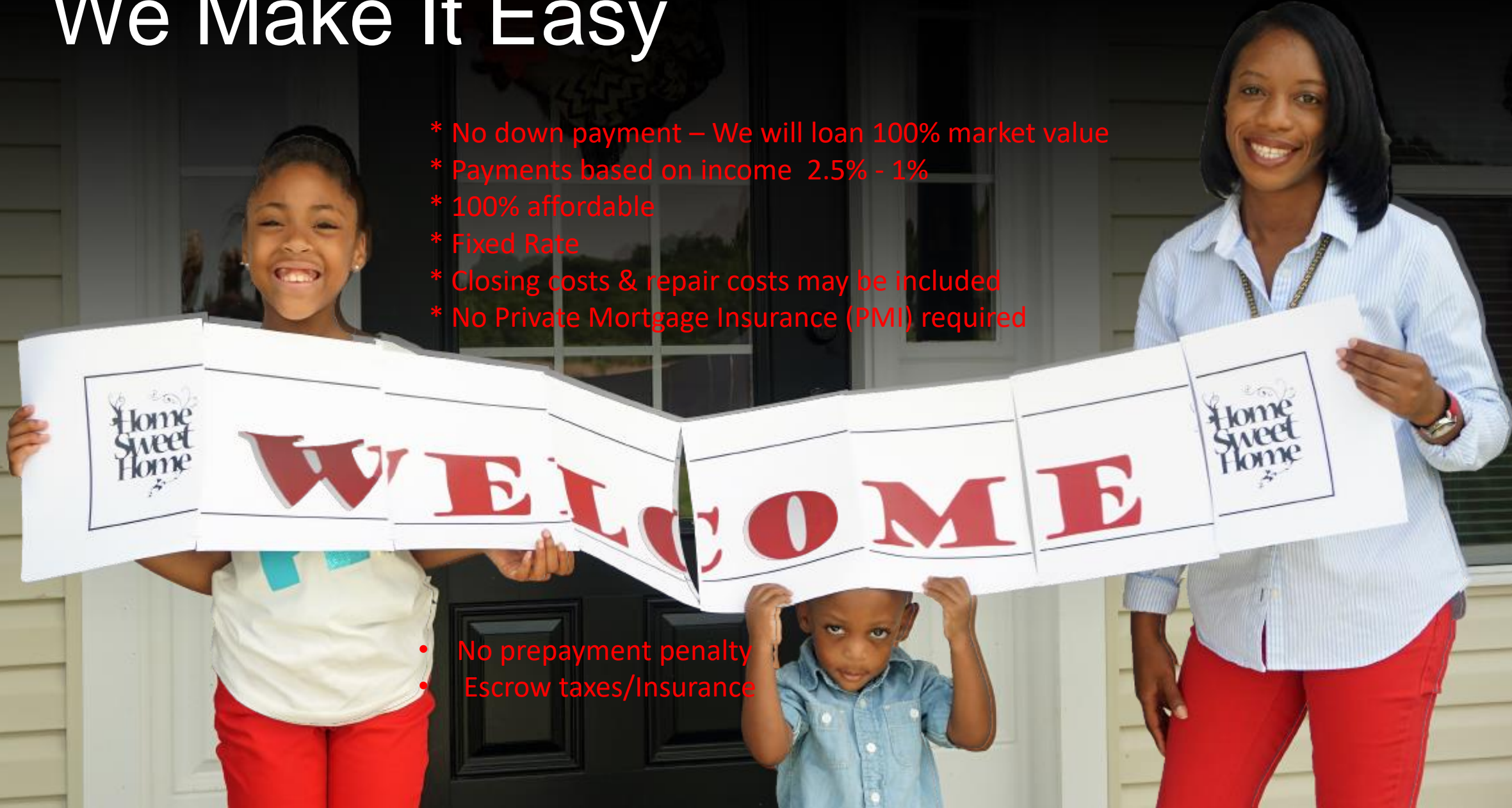
- 30 years for new manufactured homes
- 33 years for all other types of housing

(Up to 38 years if less than 60% of the adjusted median income)

We Make It Easy

- * No down payment – We will loan 100% market value
- * Payments based on income 2.5% - 1%
- * 100% affordable
- * Fixed Rate
- * Closing costs & repair costs may be included
- * No Private Mortgage Insurance (PMI) required

- No prepayment penalty
- Escrow taxes/Insurance



Credit Requirements

- Similar to conventional lenders
- Credit requires a detailed credit analysis
- Adverse credit requires an acceptable explanation
- No credit score / alternative credit verification

- Must demonstrate a willingness and ability to repay debt
-
- Stable and Dependable Income
- Credit worthiness
- Cannot already own a home – (few exceptions)
- Must occupy property as your primary residence
- Not be suspended or debarred from participation in federal programs
- Meet citizenship or eligible noncitizen requirements

Income

- Start with annual household income
 - Adjustments for children, day care expenses, elderly household, etc
- Adjusted income used to determine program eligibility & amount of payment assistance
- The applicant must have a history of receiving stable and dependable income

Repayment Income:

- Used to determine how much applicant qualifies for
- Only consider the income from the applicants who will sign the promissory note
- Very Low Income Applicants – 29% PITI and 41% TD Ratios
- Low Income Applicants – 33% PITI and 41% TD Ratios

SELLING MORE RURAL DEVELOPMENT FINANCED HOMES

Counties and Direct Income Limits

County	Household 1 - 4	Household 5 - 8
King George	\$78,500	\$103,600
Culpeper,	\$68,150	\$89,950
Buckingham, Charlotte, Greensville , Halifax, Henry, Mecklenburg,	\$48,300	\$63,750
Warren	\$65,100	\$85,950
Goochland, Hanover, Henrico, and New Kent	\$71,500	\$94,400

Compensating Factors

- Payment history
- Savings history
- Job prospects
- Adjustment of nontaxable income

Key Elements

- No down-payment is required
- Loan payments are subsidized and are based on income
- The effective interest rate can go as low as 1%
- Families must be without adequate housing
- Home Inspection required

SELLING MORE RURAL DEVELOPMENT FINANCED HOMES

Counties and Loan Limits

County	Loan Limit
Alleghany, Amherst, Appomattox, Bedford, Caroline, Craig	\$285,500
Dinwiddie, Goochland, Henrico,	\$428,700
Southampton, Isle of Wight, James City	\$367,000

Property Requirements:

- < 2000 sq ft Living Space
- Rural Area – check property eligibility www.rd.usda.gov
- Must be 1 acre or less/ or cannot be subdivided and typical for the area



Property Requirements

- In ground swimming pools and structures such as farm related outbuildings or land designed for income-producing purposes are prohibited
- Private roads are not eligible, unless the access is served by an association
- Home based operations such as a day care that do not require specific features are allowed

www.rd.usda.gov

Programs Services

Single Family Housing Direct Loans

Visit the: [USDA Income and Property Eligibility](#) website for complete details.

This will assist you with the property eligibility, too.

ADDITIONAL RESOURCES

<https://www.rd.usda.gov/resources/directives/handbooks>

Click on “HB-1-3550 Direct Single Family Housing Loans and Grants

Guidelines for loans/grant

Fact sheets

Publications

Self Assessment Tool – Pre Qual

SELLING MORE RURAL DEVELOPMENT FINANCED HOMES

Rural Housing Programs Guaranteed Rural Housing Loan Program



SELLING MORE RURAL DEVELOPMENT FINANCED HOMES

Counties and Guaranteed Income Limits

County	1-4 Household	5-8 Household
Alleghany, Amherst, Appomattox, Bedford, Louisa, Madison,	\$90,300	\$119,200
Warren	\$93,600	\$123,350
King George	\$112,850	\$148,950
Goochland, Henrico, Hanover	\$102,800	\$135,700

Major Advantages

no pre payment
quick turn times
partner with private lenders
fees can be included
repair costs included
loan 101% of appraised value
combine with DPA (Virginia Housing)



Loan Terms

- Zero Down
- 30 year fixed rate mortgage
- Market Interest Rate
- Seller Concessions allowed up to 6%
- No PMI – 0.35% annual fee



Guaranteed Home Loans (Continued)

Moderate Income

Property Issues

- Conventional Appraisal
- Home must meet HUD Handbooks
- ~~• Site value not more than 30% of appraised value – no longer an issue!!!~~

SELLING MORE RURAL DEVELOPMENT FINANCED HOMES

Property Eligibility

- Most Counties have eligible areas

<https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

National Approved Lenders are found:

<https://www.rd.usda.gov/files/SFHGLDApprovedLenders.pdf>

Guarantee Loan Regulations are found: :

<https://www.rd.usda.gov/publications/regulations-guidelines/handbooks#hb135>



Self-Help Housing

SELLING MORE RURAL DEVELOPMENT FINANCED HOMES

Rural Development Contacts

- * Southwest Virginia

Craig Barbrow 276-484-9384

- Eastern Virginia

Myron Wooden 804-382-2879

- Mid-State (Lynchburg Area)

David Worley 804-382-4527

- Harrisonburg Area

Steve Davis 540-534-3064

- SFH Program Director:

- Jeanie Barbrow (804) 287 1616



<https://twitter.com/usdard>



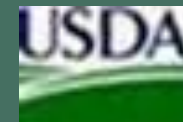
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QUESTIONS



United States
Department of
Agriculture

Rural Development



Jeanie Barbrow
Rural Development
Jeanie.barbrow@usda.gov
Office: 804-287-1616
www.rd.usda.gov/va

USDA Rural Development is committed to the future of rural communities.